

The Illinois BBB is subject to Electricity Excise Tax liability on purchases of electricity and utilities selling natural gas to the Illinois BBB are subject to Gas Revenue Tax liability on those sales. See 86 Ill. Adm. Code 511.110. (This is a GIL.)

July 7, 2003

Dear Xxxxx:

This letter is in response to your letter dated February 14, 2003. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found on the Department's Internet website at <http://www.revenue.state.il.us/Laws/regs/part1200/>.

In your letter, you have stated and made inquiry as follows:

AAA provides gas and electric service. Recently, the Illinois BBB inquired as to whether they were exempt from paying the Electric Excise Tax and the Gas Revenue Tax.

Ralph of the Illinois Department of Revenue directed us to contact you for a determination of the 'tax' status of the entity. I have attached a copy of information provided to AAA by the Illinois BBB that you may wish to consult in making your determination.

DEPARTMENT'S RESPONSE:

The Electricity Excise Tax Law, effective August 1, 1998, imposes a tax upon the privilege of using in this State electricity purchased for use or consumption and not for resale, other than by municipal corporations owning and operating a local transportation system for public service. See 35 ILCS 640/1 et seq. and the enclosed copy of 86 Ill. Adm. Code 511.110. Based upon the information provided with your request, the facilities you are referencing are being operated by the Illinois BBB under the jurisdiction of the AGENCY (an agency of Illinois State government). The fact that these facilities are partially funded through Federal funds does not mean that these facilities are considered departments, agencies, or instrumentalities of the Federal government. As noted in subsection (a) of Section 511.110, the State of Illinois is subject to Electricity Excise Tax liability. Therefore, electricity purchased by the Illinois BBB as an agency of this State is subject to Electricity Excise Tax.

The Gas Revenue Tax Act imposes a tax upon persons engaged in the business of distributing, supplying, furnishing, or selling natural gas to persons for use or consumption and not for

resale. See 35 ILCS 615/1 et seq., and 86 Ill. Adm. Code 470.110. In the same manner as described above, sales to the Illinois BBB are subject to Gas Revenue Tax. See also ST 90-0700 GIL (Oct. 3, 1990).

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b) described above.

Very truly yours,

Terry D. Charlton
Associate Counsel

TDC:msk
Enc.